BY ORDER OF THE SECRETARY OF THE AIR FORCE

AIR FORCE INSTRUCTION 34-315
1 MARCH 1996

Services

AIR FORCE NONAPPROPRIATED FUND (NAF) EMPLOYEES'401(K) SAVINGS PLAN

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This instruction implements AFPD 34-3, *Morale, Welfare, Recreation, and Services Nonappropriated Fund Personnel Management and Administration*, by establishing procedures for administration of the Air Force Nonappropriated Fund (NAF) Employees' 401(k) Savings Plan (plan). This instruction requires the collection and maintenance of information protected by the Privacy Act of 1974 authorized by Title 10, United States Code, Section 8013. System of records notices F176 AF MP B, NAF Employee Insurance and Benefit System File, and F040 AF NAFI A, NAF Civilian Personnel Records, apply. This is not applicable to the Air National Guard.

Section A —Management and Administration

1. Levels of Management and Administration:

- Headquarters Air Force Services Agency, Retirement Branch (HQ AFSVA/SVXBR), provides general oversight and management of the Plan and publishes instructional and marketing materials.
- Human Resources Offices (HRO) perform base-level administration as instructed in the 401(k) Savings Plan Administration Manual (Administration Manual) and this Air Force Instruction (AFI).
- Payroll offices process the collection of employee and employer contributions associated with Plan participation as instructed in AFM 176-378, *Standard Accounting Procedures for Nonappropriated Funds*, and this AFI.

2. Obtaining Information and/or Supplies:

- Address all questions regarding individual account information as well as all requests for forms and supplies to the recordkeeper at the address and telephone number listed in the Administration Manual.
- Direct all comments regarding the management and administration of the Plan, as well as requests for Summary Plan Descriptions (SPD), to HQ AFSVA/SVXBR, 10100 Reunion Place, Suite 502, San Antonio TX 78216-4138.

Section B —HRO Responsibilities

3. Other Information Sources. Refer to and follow the additional instructions contained in the Administration Manual when using the guidance in this AFI. Use the two documents together to properly administer the Plan.

4. Counseling Potential Participants. The HRO must inform employees about the Plan and its provisions so they can make an informed decision regarding their participation. The HRO:

- Advises newly eligible employees of the Plan's benefits 30 days prior to their first becoming eligible to participate.
- Explains the Plan's benefits outlined in the SPD and answers questions.

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- Tells former Air Force Nonappropriated Fund (NAF) employees with 1 year of regular service who are rehired in a regular employment category that they may participate in the Plan and has them sign a waiver of participation form if they choose not to participate.

5. Determining Eligibility. Eligible employees must:

- Be regular Air Force NAF employees (not off-duty military employees) employed as of 6 November 1994 or have at least 1 year of regular Air Force NAF service.
- Be a United States (US) citizen, US national, or permanent resident alien of the US.

5.1. If you have an employee who has prior service with another Department of Defense employer or as an appropriated fund employee, please call HQ AFSVA/SVXBR, DSN 487-2834 or 210-652-2834, for guidance.

6. Enrolling New Participants in the Plan. An HRO representative:

6.1. Makes sure each eligible employee completes the **Enrollment Form** and **Beneficiary Designation Form**.

- Participants must indicate their contribution percentage and investment election.
- Non-participants must indicate their waiver of participation.

6.2. Distributes the copies of the form as indicated on the bottom of the form.

6.3. Gives participating employees a copy of the SPD.

7. Documenting Waivers of Enrollment. Employees who do not wish to enroll at the time they are first eligible should complete an **Enrollment Form**indicating such. Distribute copies of the form in the same manner as forms for enrollment in the Plan. The HRO should remind employees that they can enroll at any later date as long as they remain in an eligible category.

8. Processing Forms After Initial Enrollment. Once an employee has enrolled in the Plan, he or she may wish to make changes in his or her contribution amount, investment election, beneficiary, address, etc. Instructions for completing these forms are in the Administration Manual. Distribute the copies of the form as indicated on the bottom of the form.

9. Processing Hardship Withdrawals. Employees may withdraw some or all of their contributions to the Plan under certain limited circumstances, as defined in the Administration Manual. If an employee wishes to make a withdrawal, give him or her the **Financial Hardship Withdrawal or Rollover Withdrawal Form**. Instructions for completing and processing this form are in the Administration Manual. Distribute the copies of the form as indicated on the bottom of the form.

10. Processing Distributions Due to Termination, Retirement, or Death. Employees are eligible to receive the vested portion of their account if they die, retire, or terminate their employment. Employees are not eligible to receive a distribution from their account if they change to an ineligible employment category. If any of these events occurs, give the employee the **Termination Distribution Form**. Instructions for completing and processing this form are in the Administration Manual. Distribute the copies of the form as indicated on the bottom of the form.

11. Processing Rollover Contributions Into the Plan. Employees are eligible to roll 401(k) funds from a previous employer's qualified plan into the Plan. If an employee wishes to make a rollover contribution, give him or her the **Rollover into the USAF NAF 401(k) Plan from another Qualified Plan Form**. Instructions for completing and processing this form are in the Administration Manual. Distribute the copies of the form as indicated on the bottom of the form.

12. Processing Restoration of Forfeitures for Rehired Employees. Former participants who are rehired within 5 years are eligible to reinstate any forfeitures of employer matching contributions by returning to the Plan any distributions they received. If a rehired employee wishes to restore his or her forfeitures, give him or her the **Restoration of Forfeitures Form**. Instructions for completing and processing this form are in the Administration Manual. Distribute the copies of the form as indicated on the bottom of the form.

13. Processing Employees Affected by the Portability of Benefits for Nonappropriated Fund Employees Act of 1990 (Portability Act). If an employee affected by the Portability Act elects to remain in the NAF Retirement Plan, he or she is also eligible to remain in the Plan. Instructions for processing employees affected by the Portability Act are found in the Administration Manual.

14. Notifying Payroll of Actions. Ensure that copies of all forms which affect an employee's payroll deduction are forwarded to the appropriate payroll office. Such forms include the **Enrollment Form**, the **Contribution and Investment Change Form**, and the **Termination Distribution Form**.

14.1. If an employee's hardship withdrawal request is approved, please note the procedures for discontinuing 401(k) contributions for 12 months as explained in Section 10 of the Administration Manual.

15. Maintaining Administrative Supplies. Maintain a stock of administrative supplies (such as the forms described in Section 22 of the Administration Manual) and

SPDs. Order supplies from the source listed in Section A, Number 2.

Section C —Payroll Office Responsibilities

16. Process Enrollments. Use the **Enrollment Form** provided by the HRO to initiate employee contributions from the payroll system. Any enrollment forms received in payroll by the close of business on Wednesday of the second week of the pay period should be processed for that pay period.

17. Process Waivers. Use the **Enrollment Form** provided by the HRO to indicate waivers of participation by eligible employees.

18. Process Changes. Use the **Contribution and Investment Change Form**provided by the HRO to make changes to employees' deduction amounts. Such changes could include an employee changing his or her contribution amount to zero. Any change forms received in payroll by the close of business on Wednesday of the second week of the pay period should be processed for that pay period.

19. Process Terminations. There is no need to process any special form when an employee terminates or goes on leave without pay. An employee's contributions should continue until the HRO or employee provides **Contribution and Investment Change Form** to the payroll office. Therefore, in the absence of a change form, his or her deduction percentage should continue as long as he or she is receiving any pay, excluding severance pay.

20. Process Refunds or Deductions to Correct Errors:

- If the correction (refund or deduction) is for two pay periods or less, correct the error through the payroll system according to AFM 176-378.
- If the correction is for more than two pay periods, notify HQ AFSVA/SVXBR immediately and provide an explanation of the problem and identification of the pay periods involved.

PATRICK O. ADAMS, Brig General, USAF
Director of Services

GLOSSARY OF REFERENCES, ABBREVIATIONS, AND ACRONYMS

References

AFPD 34-3, *Morale, Welfare, Recreation and Services Nonappropriated Fund Personnel Management and Administration*
AFM 176-378, *Standard Accounting Procedures for Nonappropriated Funds*

Abbreviations and Acronyms

AFI−Air Force Instruction
AFM−Air Force Manual
HRO−Human Resources Office
HQ AFSVA−Headquarters Air Force Services AgencyHQ AFSVA/SVXBR Headquarters Air Force Services Agency, Retirement Branch
NAF−Nonappropriated Funds
SPD−Summary Plan Description
US−United States